REPORT OF THE STANDING COMMITTEE ON THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT

April 1986

LEGISLATIVE ASSEMBLY OF ALBERTA

LEGISLATIVE ASSEMBLY
ALBERTA

April 1986

To The Honourable Gerard Amerongen
Speaker of the Legislative Assembly
of the Province of Alberta

The Standing Committee on the Alberta Heritage Savings Trust Fund Act has the honour to submit its report relating to the 1984-85 fiscal year for consideration by the Legislative Assembly.

Ken Kowalski, M.L.A.
Kenneth R. Kowalski, MLA
Chairman
Standing Committee on the Alberta
Heritage Savings Trust Fund Act

MEMBERS OF THE
STANDING COMMITTEE ON THE
ALBERTA HERITAGE SAVINGS TRUST FUND ACT

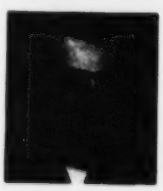
Kenneth R. KOWALSKI,
MLA, Barrhead (PC)
Chairman

R. Keith ALEXANDER,
MLA, Edmonton Whitemud (PC)

Rollie D.B. COOK,
MLA, Edmonton Glengarry (PC)

Shirley CRIPPS,
MLA, Drayton Valley (PC)

John A. GOGO,
MLA, Lethbridge West (PC)



Jim GURNETT,
MLA, Spirit River-Fairview (NDP)

Alan W. HYLAND
MLA, Cypress (PC)

Henry KROEGER,
MLA, Chinook (PC)

Ray MARTIN,
MLA, Edmonton Norwood (NDP)

Ron A. MOORE,
MLA, Lacombe (PC)

Eric C. MUSGREAVE,
MLA, Calgary McKnight (PC)

Stan K. NELSON
MLA, Calgary McCall (PC)

Raymond A. SPEAKER,
MLA, Little Bow (Rep)

John M. THOMPSON,
MLA, Cardston (PC)

Bohdan ZIP,
MLA, Calgary Mountain View (PC)

TABLE OF CONTENTS

		Page
I.	Introduction	1
II.	Alberta Heritage Savings Trust Fund Act	2
III.	Role of the Standing Committee on the Alberta Heritage Savings Trust Fund Act	3
IV.	Amendments to the Alberta Heritage Savings Trust Fund Act	4
V.	Review of Investments, Appearance of the Premier, Provincial Treasurer, Selected Ministers, the Auditor General and Others	5
	Appearances:	
	Provincial Treasurer – August 7	5
	Provincial Treasurer – September 4	7
	Provincial Treasurer – September 11	7
	Auditor General	8
	Alberta Heritage Foundation for Medical Research	8
	Minister Responsible for Workers' Health, Safety and Compensation	9
	Minister of Hospitals and Medical Care	10
	Minister of Energy and Natural Resources	12
	Minister of Transportation	12
	Minister of Economic Development	13
	Visit to Fort McMurray	14
	Official Opening of Paddle River Dam	14
	Premier	14
	Minister of Recreation and Parks	14
	Minister of Agriculture	15
	Minister of the Environment	16
	Minister of Advanced Education	17
	Minister of Housing	17
	Minister Without Portfolio	17
	Minister of Tourism and Small Business	18
	Associate Minister of Public Lands and Wildlife	18
	Overview of Irrigation Works	19

VI. Recommendations of the Standing Committee on the Alberta Heritage Savings Trust Fund Act 20

VII. Provincial Treasurer's Responses to the Recommendations contained in the Report of the Standing Committee on the Alberta Heritage Savings Trust Fund Act, 1983-84 23

VIII. Schedule of Standing Committee Meetings, 1985 27

Appendix I 29

I. INTRODUCTION

This report of the Standing Committee on the Alberta Heritage Savings Trust Fund Act contains the consensus of the members of the Standing Committee. It must be noted that the democratic principle of decision making was followed throughout the Committee's proceedings, and that all the recommendations contained herein were voted on. These votes are recorded in the minutes of the Standing Committee, which are on file in the Legislature Library where they may be read by any member of the public.

As all the proceedings of the Standing Committee were and are open to the public, this report contains only a brief summary of the highlights of the Committee's meetings. All meetings were recorded by *Alberta Hansard*, and transcripts are available in the Legislature Library. Any person wishing more detail should refer to the transcripts, which number 415 pages in length and are organized according to subject heading. The minutes are organized in similar fashion.

II. ALBERTA HERITAGE SAVINGS TRUST FUND ACT

On May 19, 1976, the Alberta Heritage Savings Trust Fund was established by an Act of the Legislative Assembly of Alberta. The reasons for and purposes of the Trust Fund were set out in the preamble to the Alberta Heritage Savings Trust Fund Act:

> WHEREAS substantial revenue is being received by the Government from the sale of non-renewable resources owned by the people of Alberta; and
> WHEREAS there is a limited supply of non-renewable resources and therefore revenue from the sale of those resources will ultimately be reduced; and
> WHEREAS it would be improvident to spend all that revenue as it is received; and
> WHEREAS the Legislature of Alberta considers it appropriate that a substantial portion of that revenue be set aside and invested for the benefit of the people of Alberta in future years:
> THEREFORE HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows . . .

The Act, and subsequent amendments to it, set out the sources of funds and how these funds may be invested. Five distinct investment divisions of the Trust Fund are defined, each with different aims and investment criteria. The Act also outlines the powers of the Heritage Savings Trust Fund Investment Committee and the Provincial Treasurer to make investments under each division. The Investment Committee consists of all members of the Executive Council.

It is the responsibility of the Provincial Treasurer, as soon as practicable after the end of each fiscal year, to prepare a report summarizing the operation of the Trust Fund during the preceding fiscal year and containing a financial statement, audited by the Auditor General, showing:

1. transfers of cash and other assets to the Trust Fund during the preceding fiscal year,
2. payments from and income to the Trust Fund for the preceding fiscal year, and
3. total moneys expended under Acts of the Legislature referred to in respect of investments in the Capital Projects Division of the Trust Fund.

When the report is completed, the Provincial Treasurer makes copies available to all Members of the Legislative Assembly and to the Clerk of the Legislative Assembly. The report is thus made public. The **Alberta Heritage Savings Trust Fund 1984-85 Annual Report** was made public on July 19, 1985.

III. ROLE OF THE STANDING COMMITTEE ON THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT

The Act provides for the establishment of a Standing Committee of the Legislative Assembly, called the Standing Committee on the Alberta Heritage Savings Trust Fund Act. The Standing Committee is made up of Members of the Legislative Assembly who are appointed at the commencement of each Session.

When the annual report of the Trust Fund is made public, it is deemed to be referred to the Standing Committee for review and subsequent report to the Legislative Assembly concerning the investments of the Trust Fund. The report may contain any recommendations of the Standing Committee concerning those investments or proposed alternative investments.

Between August 7 and September 12, 1985, the Standing Committee met with Ministers of the departments directly involved in Trust Fund investments during the preceding fiscal year, and with the Premier and the Auditor General as well. The Standing Committee also met on September 18 and 26, 1985, to discuss the recommendations it would approve. At the conclusion of these meetings this report was written, to be tabled in the Legislative Assembly as required by the Alberta Heritage Savings Trust Fund Act.

The Standing Committee has made every attempt to fulfil its duties as required by the Act and as expected by the Legislative Assembly.

IV. AMENDMENTS TO THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT

From 1976 to 1982-83, the Trust Fund derived its funds from two sources:

1. an annual transfer of 30 percent of the Province's non-renewable resource revenues, and
2. the retention of its investment earnings.

The transfer of resource revenues requires annual authorization by the Legislature through the passage of a special appropriation Act.

In March 1983, two significant amendments were made to the Alberta Heritage Savings Trust Fund Act. The first amendment broadened the transfer provisions to allow the proportion of non-renewable resource revenue to be specified in the annual special appropriation Act. Previously, these Acts had to provide for 30 percent of such revenues to be transferred. During the 1983 spring sittings, the Legislative Assembly passed a special Act authorizing the transfer to the Trust Fund of 15 percent of the non-renewable resource revenue received by the Province in 1983-84.

The second amendment allocated the Trust Fund's net investment income to the General Revenue Fund for a two-year period beginning September 1, 1982.

The Act was further amended in 1984 to continue the transfer of its net investment income.

V. REVIEW OF INVESTMENTS, APPEARANCE OF THE PREMIER, PROVINCIAL TREASURER, SELECTED MINISTERS, THE AUDITOR GENERAL AND OTHERS

This section of the report contains a brief review of the meetings held by the Standing Committee with the Premier, Provincial Treasurer, selected Ministers, the Auditor General and representatives from the Alberta Heritage Foundation for Medical Research.

The review follows the chronological order of appearance of these witnesses before the Standing Committee from August 7 to September 12, 1985.

This year marked the second time that the Alberta Heritage Foundation for Medical Research provided a separate report to the Standing Committee. As well, this was the second year in a row that Members of the Legislative Assembly were extended an invitation to appear before the Standing Committee to advance specific recommendations. No MLA accepted the invitation.

The Hon. Lou Hyndman's appearance before the Standing Committee on three separate occasions was unprecedented in the history of the Standing Committee.

Provincial Treasurer – August 7, 1985

On August 7, 1985, the Standing Committee began its meetings with members of Executive Council, and the first witness to appear before the Standing Committee was the Hon. Lou Hyndman, Provincial Treasurer. Mr. Hyndman was accompanied by Mr. A.J. McPherson, Deputy Provincial Treasurer – Finance and Revenue.

The **Alberta Heritage Savings Trust Fund 1984-85 Annual Report** was delivered to the Clerk of the Legislative Assembly on July 19, 1985, by Mr. Hyndman. The **Annual Report** covered the period April 1, 1984, to March 31, 1985.

Composition of the Alberta Heritage Savings Trust Fund at March 31, 1985, showed total assets of $14.436 billion. The total assets figure at March 31, 1984, was $13.711 billion. Appendix I of this report lists total assets of the Trust Fund from fiscal year 1976-77 to fiscal year 1984-85.

At March 31, 1985, the assets of the Trust Fund were composed of the following investments:

	($ billion)
Alberta Investment Division	8.151
Capital Projects Division	2.362
Canada Investment Division	1.870
Deposits and Marketable Securities	1.381
Accrued Interest and Receivables	0.447
Commercial Investment Division	0.201
Energy Investment Division	0.024

In the **Annual Report**, Mr. Hyndman identified the following as highlights of the 1984-85 fiscal year:

1. The Trust Fund's investments earned net income of $1.575 billion.
2. All this income was channelled to the government's day-to-day operating account to help pay for services to our citizens. To raise this amount of revenue, Alberta would have had to introduce a 7 percent sales tax or double personal income tax receipts.
3. From September 1982 to March 31, 1985, the Trust Fund has contributed $3.9 billion to budgetary revenues. By keeping taxes low, the Trust Fund has helped to create and sustain jobs.
4. The Trust Fund's $228 million in support for capital projects helped create jobs for Albertans.
5. Over $260 million in financing for Crown corporations generated economic activity throughout Alberta.
6. Investments of over $200 million were made in projects for the direct benefit of Alberta's agricultural sector.
7. The Prince Rupert Grain Terminal began receiving and shipping grain.
8. An important step in the development of Alberta's electronics industry was taken with funding provided for an Electronics Test Centre.
9. The commitment to saving continued with the transfer of 15 percent of oil and gas revenues ($737 million) to the Trust Fund.

In his overview comments to the Standing Committee, Mr. Hyndman reviewed the government's responses to the recommendations contained in the Report of the Standing Committee on the Alberta Heritage Savings Trust Fund Act, 1983-84, tabled in the Legislative Assembly on November 1, 1984. Mr. Hyndman's written responses are reproduced on pages 23 to 26 of this report. Mr. Hyndman indicated that of the 95 recommendations approved by the Standing Committee since 1977, "well over 80 percent have been either acted on or are under active consideration or have been implemented".

Mr. Hyndman also provided written information outlining Commercial Investment Division investments to March 31, 1985. The rate of return for Trust Fund investments during the fiscal year under review was 13.7 percent.

Standing Committee members raised the following topics with the Provincial Treasurer: Alberta government involvement in the support package for the Canadian Commercial Bank (CCB); future viability of the CCB; administrative operation of the Alberta Mortgage and Housing Corporation; capping of the Trust Fund; economic conditions in Alberta; amounts authorized vis-à-vis amounts expended under the Capital Projects Division; Kananaskis Country Recreation Development; value of shares in Alberta Energy Company; status of interest and capital repayment under the Canada Investment Division; reinvestment of interest and capital received from repayments under the Canada Investment Division; appreciation of Trust Fund investments as expressed in constant dollars; diversification as it relates to investments; Vencap Equities Alberta Ltd.; role of the Treasury Branch and possible amalgamation of the Alberta Opportunity Company, the Alberta Agricultural Development Corporation, and the Alberta Mortgage and Housing Corporation, with the Treasury Branch; philosophy of the various lending agencies supported by the Trust Fund; Prince Rupert Grain Terminal; further possible investments under the Capital Projects Division; public perception and understanding of the Trust Fund within Alberta and within Canada; need for additional information to the public about the Trust Fund; definitions of "deemed assets" and "real assets"; guidelines followed for investments under the Canada Investment Division; and impact by the Trust Fund on investments in Alberta from other countries.

The Provincial Treasurer appeared before the Standing Committee on two more occasions.

Provincial Treasurer – September 4, 1985

On Sunday, September 1, 1985, Mr. Hyndman contacted the Chairman of the Standing Committee and requested an opportunity to meet with the Standing Committee on the Alberta Heritage Savings Trust Fund Act. Mr. Hyndman indicated that he had received information from Ottawa with respect to two financial institutions based in Alberta – the Canadian Commercial Bank and Northland Bank – and that he thought it appropriate that he share this information with Standing Committee members and, further, that he be available to answer questions from Standing Committee members. The Chairman agreed and Standing Committee members approved. Mr. Hyndman appeared before the Standing Committee on September 4, 1985, accompanied by Mr. A.J McPherson, Deputy Provincial Treasurer – Finance and Revenue.

Following a statement from the Provincial Treasurer, Standing Committee members raised questions with respect to the following matters: investment portfolio of the Canadian Commercial Bank (CCB) outside Alberta and Canada; policy of the provincial government in investing in Alberta-based financial institutions; shoring up of financial institutions by governments; impact of the CCB collapse on the Trust Fund; impact of declining real estate values on the portfolio value of the CCB; impact of the CCB failure on future government involvement in financial institutions; reasons for Alberta government support of the CCB; information basis for the decision by various governments to support the CCB; impact of the CCB failure on small business in Alberta; provincial involvement in federally chartered banks; negotiating positions of the Alberta government and the federal government vis-à-vis the CCB; involvement of the federal Inspector General of Banks and the six chartered banks; CCB assets in the United States; impact of the CCB collapse on pension plans; need for review of provincial statutes with respect to trust companies and credit unions; "insider" knowledge by some shareholders of the troubles facing the CCB; guarantees to depositors, including those with deposits over $60,000; domino effect of CCB collapse; Standing Committee review of CCB; parliamentary inquiry into the operation of the CCB; needed changes to the Canada Deposit Insurance Corporation; justification for depositing provincial funds in institutions other than the Treasury Branch; assets of the CCB and Northland Bank as a percentage of total banking assets in Canada; evaluation of investments by the Alberta government prior to actual commitment to such investments; impact of CCB on Heritage Savings & Trust Company; representatives from the Alberta government on the boards of directors of institutions receiving funds from the province; history of events between March 20 and September 4, 1985; relationship between the Provincial Treasurer and the curator of the CCB; management of the CCB; (Blenkarn) House of Commons Standing Committee on Finance, Trade and Economic Affairs; and forewarning given to the Alberta government about the collapse of the CCB.

Mr. Hyndman responded to 58 questions, the largest number ever directed to a witness in a single session of the Standing Committee.

Provincial Treasurer – September 11, 1985

A week later, on September 11, 1985, a motion sponsored by a Standing Committee member asking Mr. Hyndman to appear before the Standing Committee as soon as possible was approved by the Standing Committee, and Mr. Hyndman appeared that afternoon.

Standing Committee members raised the following topics with the Provincial Treasurer: advice provided to the Provincial Treasurer by the former Deputy Provincial Treasurer respecting the Canadian Commercial Bank (CCB); deposit record of various federally chartered banks and the CCB between

March and August 1985; submissions from the government of Alberta to the federal committee reviewing the CCB demise; possibility of a committee other than the Standing Committee on the Alberta Heritage Savings Trust Fund Act reviewing this matter; viability of the Northland Bank; credibility of media reports; motives of the six chartered banks associated with the CCB; impact of the CCB collapse on business in Alberta; role of the Provincial Treasurer in support for the CCB; history of events prior to March 26, 1985; discussions between the Provincial Treasurer and officials of the CCB; withdrawal of provincial deposits from federally chartered banks; placement of all provincial deposits in the Treasury Branch; 1984 reserves level of the CCB; CCB acquisition of shares of Westlands Diversified Bancorp Inc.; conditions attached to the CCB bailout in March 1985; discussions between the Provincial Treasurer and past directors of the CCB; and continued willingness of the Provincial Treasurer to appear before the Standing Committee to discuss matters arising from the demise of the CCB.

A Provincial Treasurer's appearance before the Standing Committee on three separate occasions during the annual review of the Alberta Heritage Savings Trust Fund was unprecedented in the history of the Standing Committee.

Auditor General - August 7, 1985

Mr. D.W. Rogers, Auditor General of the Province of Alberta, appeared before the Standing Committee on August 7, 1985, accompanied by Mr. Ken Smith, Assistant Auditor General, and Mr. David Birkby, Auditor, Office of the Auditor General.

In a brief opening statement, the Auditor General reviewed the asset level of the Trust Fund and outlined the transfer level of dollars from the Trust Fund to the General Revenue Fund. During the 1984-85 fiscal year, the Trust Fund's entire investment income of $1.575 billion was transferred to the General Revenue Fund and was used to help pay for agricultural, health care, educational, child welfare and senior citizens' programs, parks and other ongoing government services, and to assist in meeting special budgetary needs such as job creation, manpower training and increased funding for postsecondary students.

Standing Committee members raised the following subject matters: market value of shares held by the Trust Fund in the Canadian Commercial Bank (CCB); possible review of the Trust Fund investment in the CCB by the Auditor General; asset level of the Trust Fund; definition of "deemed assets"; actual assets versus "deemed assets"; evaluation of the Trust Fund in meeting its original objectives; market value of assets held under the Alberta Investment Division; market value of assets held by the Alberta Mortgage and Housing Corporation; and market value of assets held under the Capital Projects Division.

As this was the final appearance of Mr. Rogers before the Standing Committee in his capacity as Auditor General, the Standing Committee wished him the very best in his upcoming retirement.

Alberta Heritage Foundation for Medical Research - August 8, 1985

As a result of a special invitation from the Chairman of the Standing Committee, representatives from the **Alberta Heritage Foundation for Medical Research** appeared before the Standing Committee

on August 8, 1985. Mr. Eric Geddes, Chairman of the Board of Trustees, and Dr. Lionel McLeod, President of the foundation, were present as witnesses.

Establishment of the **Alberta Heritage Foundation for Medical Research**, with a $300 million endowment fund, was the major new investment of the 1979-80 fiscal year. During the five-year period ending March 31, 1985, $100 million in grants and awards had been expended from the investment earnings of the endowment to support medical research projects. The accumulated amount of the endowment fund at March 31, 1985, was $432.5 million.

Both Mr. Geddes and Dr. McLeod presented comprehensive overviews of the activities of the foundation during the fiscal year under review.

The Alberta Heritage Foundation for Medical Research Act provides that an International Board of Review, consisting of no fewer than six members, be appointed to review the operations of the foundation at intervals of six years after the coming into force of the Act and to provide an assessment to the Standing Committee in order that the Standing Committee, in turn, can provide recommendations to the Legislative Assembly as to the need for an increase in the endowment fund. The International Board of Review will be appointed and will report on the operations of the foundation for the six-year period concluding March 31, 1986.

Standing Committee members raised a wide variety of questions and comments including heart transplants in Alberta; provision of information by the foundation on its activities to the public of Alberta; remuneration of individuals involved in medical research; interfacing of medical research being done in Alberta with worldwide medical research; exposure of Albertans to diseases found in other parts of the world and the expertise of Alberta-based medical people in dealing with these diseases; Alzheimer's disease clinical studies; possible commercial benefit to the foundation; the testing of new drugs and the governmental approval process related to the production of such drugs; increased funding for the foundation; foundation support for school science fairs; research on life-style related medical problems; industrial disease; the effects of agricultural chemicals as possible cancer-causing agents; relationship between the foundation and the Alberta scientific community; process followed in determining priority areas for research; biotechnology; technology transfer between Alberta's researchers and Alberta's entrepreneurs; research dollars coming into Alberta from outside sources; administrative expense for the foundation; and the process followed in reviewing research proposals.

Standing Committee members were very impressed with the progress being made by the foundation.

Minister Responsible for Workers' Health, Safety and Compensation - August 13, 1985

The Hon. Bill Diachuk, Minister Responsible for Workers' Health, Safety and Compensation, appeared before the Standing Committee on August 13, 1985, and was accompanied by Dr. Lynn Hewitt, Director of Research and Education; Ms. Eileen Perfrement, Administrator, Occupational Health and Safety Heritage Grant Program; Mr. Bill Rozel, Executive Director, Worksite Services; and Mrs. Jenny Malanchuk, Secretary to the Minister.

In October 1980, a $10 million **Occupational Health and Safety Research and Education** fund was established to provide for research, training and education aimed at addressing employment-related health and safety programs. Grants for the programs were first made available in the 1981-82

fiscal year through the Capital Projects Division of the Alberta Heritage Savings Trust Fund. By the end of 1984-85, the fourth year of this eight-year program, 43 projects had been completed and 37 others were under way. Expenditures during the year were $701,728, bringing the total Trust Fund support at year-end to $3 million.

As part of his overview, Mr. Diachuk provided Standing Committee members with information on the activities of the Chair in Occupational Health, established at the University of Alberta. Mr. Diachuk also reported that he responded to Recommendation 2, contained in the Standing Committee's report dated November 1, 1984, with the appointment of four public members, representing labour and industry, to the grant steering committee which reviews all applications requesting funding under the program.

Standing Committee members raised questions on the following topics: number of research projects approved to date; dollar value of research projects; procedure followed in receiving proposed projects; knowledge of this program by possible researchers at Alberta postsecondary institutions; possible increase in industrial disease and related research; quality of researchers; specifics with respect to the research project titled "Women Managers: Stress, Health and Coping"; practical research vis-à-vis theoretical research; research into chemicals used by Alberta farmers; assistance to Canadian Paraplegic Association; drug and alcohol usage on worksites; appointment of farmers and physicians to the grant review steering committee; deaths related to lethal gases produced by silage and manure pits; costs related to the Chair in Occupational Health at the University of Alberta; additional funding for the Occupational Health and Safety Research and Education project; possibility of funding an occupational health and safety centre; co-ordination with research being done in other parts of Canada and the world; assessment of the impact of research in this area on the user public; involvement of employer and labour groups in occupational safety related projects; guidelines used in determining a priority list for research projects; and identification of hazardous jobs in the light of technological change.

Minister of Hospitals and Medical Care - August 20, 1985

The Hon. David Russell, Minister of Hospitals and Medical Care, appeared before the Standing Committee on August 20, 1985, and was accompanied by Mr. George Beck, Acting Deputy Minister; Ms. Joan Nightingale, Manager, Critical Care Programs; and Mr. Aziz Poonja, Manager, Capital Construction Budget - all of the Department of Hospitals and Medical Care.

In his overview statement, Mr. Russell briefly reviewed the projects administered by him in his capacity as Minister of Hospitals and Medical Care. Of the five major projects funded by the Capital Projects Division of the Trust Fund, three are complete while two continue to receive financial assistance from the Trust Fund.

The completed projects are:

1. The **Alberta Children's Provincial General Hospital**, which received $0.8 million during the 1983-84 fiscal year, to complete the equipping and furnishing of the facility. Over the eight-year period of funding that ended March 31, 1984, the Trust Fund invested $40.5 million in the hospital.

The facility provides for the diagnostic assessment and treatment of children on both an inpatient and outpatient basis. The hospital has a school for children with complex health problems whose educational needs, either on a short- or long-term basis, cannot be met in community schools.

2. The **Applied Heart Disease Research** project supported cardiac research for five years and, to March 31, 1985, received $29.3 million. Proven cardiac programs developed as a result of this research are now being funded through the government's General Revenue Fund.

3. The **Tom Baker Cancer Centre and Special Services Facility** received $93.2 million over an eight-year period and is now completely operational. This multi-component facility, located adjacent to the Foothills Provincial General Hospital in Calgary, was opened for patient care in the fall of 1981 and was completed in 1984. Its major components include an auxiliary hospital, a cancer centre, a provincial laboratory, special services, a hostel unit and a day service centre. It serves as a referral centre for all of southern Alberta and as an acute care centre for northwest Calgary.

Two projects continue to receive financial assistance from the Trust Fund:

1. The Alberta Cancer Board has been assisted by the **Applied Cancer Research** project to conduct cancer research for the past nine years. During the 1984-85 fiscal year, $4 million was invested, bringing the total investment at March 31, 1985, to $24.8 million. This project supports both clinical and pure research and has helped Alberta attract an internationally known group of scientists. Although the project was originally planned to end during the 1983-84 fiscal year, it was extended for a further two years. This project has seen the completion of 62 research studies and has another 76 under way.

2. During 1984-85, an additional $44 million was expended on the **Walter C. Mackenzie Health Sciences Centre**, bringing the total investment at year-end to $312 million. Located at the University of Alberta in Edmonton, this state-of-the-art health centre has been designed to integrate health care, teaching and research, while providing for the physical and emotional well-being of patients. The 290-bed first phase was opened in October 1982 and is now fully occupied. Occupation of the second phase, with 553 beds, continues on schedule. When completed, the 1.8 million square foot centre will replace the existing University of Alberta Hospital.

Standing Committee members raised questions on all the above-mentioned projects. Subject topics included the timing for a northern Alberta children's hospital; the funding source for a northern Alberta children's hospital; future funding for the Applied Cancer Research project; future funding for the Walter C. Mackenzie Health Sciences Centre; assistance by Albertans and the government of Alberta to the Steve Fonyo run; research in sudden infant death syndrome, palliative care and preventive medicine; Alberta participation in the national breast screening program; upgrading of the W.W. Cross cancer clinic; future of lung and heart transplants; co-ordination of medical research; withdrawal of funds from national organizations for medical research in Alberta; research in the areas of pain relief and pain control; use of heroin; country/state/province of birth of researchers; preference to Albertans in study approvals; life styles and medical costs; additional allocation of

funds to the Alberta Heritage Foundation for Medical Research Endowment Fund; role of Alberta Cancer Board in recommending specific cancer-related studies; duplication of research; and awareness of research in other parts of the world.

Minister of Energy and Natural Resources – August 20, 1985

The Hon. John Zaozirny, Minister of Energy and Natural Resources, appeared before the Standing Committee on August 20, 1985, and was accompanied by Mr. F.W. McDougall, Deputy Minister of Renewable Resources, and Mr. R.D. Humphreys, Chairman, Alberta Oil Sands Technology and Research Authority (AOSTRA).

The **Alberta Oil Sands Technology and Research Authority (AOSTRA)** is a provincial Crown corporation which, since 1974, has received $301 million from the Trust Fund for its activities. In 1984-85, $50 million was provided. AOSTRA helps develop technology to recover and process oil from Alberta's oil sands and heavy oil deposits and to increase production from Alberta's conventional oil reserves. It supports research activities and enters into joint ventures with industry in field pilot projects.

Mr. Zaozirny has responsibility for the **Alberta Reforestation Nursery**. To March 31, 1985, a total of $15 million had been invested in this project, with $0.2 million provided during the fiscal year under review.

The **Maintaining Our Forests** program is also under Mr. Zaozirny's portfolio responsibilities and, in 1984-85, $3 million was invested, bringing the Trust Fund's total investment to $20 million at March 31, 1984. With a goal of re-establishing and improving the productivity of coniferous forests damaged by fire, industrial and other non-forestry uses, over 20,000 acres were planted with seedlings during the year. Applied research projects are also being supported.

Standing Committee members raised questions on the following subjects: audit of AOSTRA-funded research projects; completion date for the audit and availability of the information contained therein; availability of AOSTRA funding for projects in conventional oil; fellowships, professorships and scholarships provided by AOSTRA; patent rights and AOSTRA-funded projects; AOSTRA funding of enhanced recovery and coal gasification research projects; economic return to Alberta of AOSTRA-funded projects; major challenges for AOSTRA; relationship between new technology and reduced synthetic oil production costs; supply-and-demand circumstances and the resulting impact on future planning; shut-in oil; coal liquefaction; research at Pine Ridge forest nursery; Alberta's record with respect to reforestation; and thinning of forests.

Minister of Transportation – August 21, 1985

The Hon. Marvin Moore, Minister of Transportation, appeared before the Standing Committee on August 21, 1985, for a final discussion of the Airport Terminal Buildings program and for a continuing discussion on highway development within Kananaskis Country Recreation Development.

No Trust Fund dollars were allocated to the **Airport Terminal Buildings** program during the 1984-85 fiscal year. The 1983-84 fiscal year marked the completion of this project, with $16 million invested in 18 projects at March 31, 1985. The Airport Terminal Buildings program developed an

important link in the infrastructure serving the economic and medical/social needs of Alberta's smaller centres.

During the 1984-85 fiscal year, Alberta Transportation invested $8.4 million on roads related to **Kananaskis Country Recreation Development** with funds from the General Revenue Fund.

Questions were raised by Standing Committee members on the following topics: future funding requirements needed to complete roadway projects leading to and inside Kananaskis Country; bicycle trails; impact of the 1988 Olympics on roadway infrastructure; increased winter maintenance in keeping roads open; petitions from Standing Committee members for specific roadway projects; and an endorsation from Standing Committee members on the success of the Airport Terminal Buildings program.

Minister of Economic Development – August 21, 1985

The Hon. Hugh Planche, Minister of Economic Development, appeared before the Standing Committee on August 21, 1985, with Mr. Herman Young, Assistant Deputy Minister, Finance and Administration Division, Alberta Economic Development.

In 1980-81 and 1981-82, 1,000 **Rail Hopper Cars** were acquired at a cost of $54 million from the Capital Projects Division.

In 1984-85, the Trust Fund's total investment in the **Prince Rupert Grain Terminal** (Prince Rupert Grain Ltd.) grew to $129 million, with $13 million invested during the year. The Trust Fund's investment is in the form of first mortgage bonds, and the Trust Fund's return will take the form of annual interest plus a share in the net cash flow of the project. The Prince Rupert Grain Terminal was officially opened on May 16, 1985, and has started receiving and shipping grain.

The Trust Fund's investment in **Vencap Equities Alberta Ltd.** at March 31, 1985, was $200 million with the funds being allocated during the 1983-84 fiscal year. The return on the Trust Fund's investment is in the form of a percentage participation in Vencap's profit each year.

During the 1984-85 fiscal year, the Legislative Assembly approved capital funding of $4 million for the **Electronics Test Centre**, to be located at the new Alberta Research Council facility in Edmonton. The centre will provide our growing electronics industry with a facility in Alberta for the testing and design evaluation of products as well as assistance in product development.

Questions were raised by Standing Committee members on the following subjects: progress on completion of the Prince Rupert Grain Terminal; policies respecting Vencap Equities Alberta Ltd. investments; Alberta "ownership" respecting such investments; involvement of Vencap in BioTechnica; specific Vencap investments; Minister's evaluation of progress being made by Vencap; plant bio-technology and benefits to Alberta; possibility of an agricultural research foundation; enhanced computer literacy; relationship between the Electronics Test Centre and the Alberta Research Council; transfer of information and technology; a national policy dealing with pharmaceuticals; container ports; plant breeders' legislation; and light rail transportation between Edmonton and Calgary.

Visit to Fort McMurray - August 22, 1985

On August 22, 1985, members of the Standing Committee visited Syncrude Canada Ltd., Keyano College and the Oil Sands Interpretive Centre in Fort McMurray.

Official Opening of Paddle River Dam - August 23, 1985

On August 23, 1985, members of the Standing Committee attended the official opening of the Paddle River Dam.

Premier - August 26, 1985

Premier Peter Lougheed appeared before the Standing Committee on August 26, 1985.

Standing Committee members raised the following subjects with the Premier: objectives of the Trust Fund and performance since 1976; free trade and its impact on economic diversification within Alberta; accountability of the Investment Committee to the Legislature; future directions for the Trust Fund; capping of the Trust Fund; public acceptance of the Trust Fund; maintaining the capital integrity of the Trust Fund; interest rates and Trust Fund investments; support for new types of research; support for renewable energy research; perceptions of the Trust Fund by people outside Alberta; Alberta Heritage Foundation for Medical Research and capital investments; progress of Vencap Equities Alberta Ltd.; future revenue possibilities; future supply-and-demand scenarios with respect to petroleum products; support of the Irrigation Projects Association; "outside" review of the performance of the Trust Fund; and borrowings by Crown corporations from sources other than the Trust Fund.

The Premier concluded his appearance before the Standing Committee with a brief statement.

Minister of Recreation and Parks - August 28, 1985

The Hon. Peter Trynchy, Minister of Recreation and Parks, appeared before the Standing Committee on August 28, 1985.

The Minister began his appearance with an audiovisual presentation on **Kananaskis Country Recreation Development** and the **Urban Parks** project. He was accompanied by Dr. Barry Mitchelson, Deputy Minister, Recreation and Parks; Mr. Ed Marshall, Managing Director, Kananaskis Country Recreation Development; Ms. Margaret Qually, Public Affairs Director, Kananaskis Country Recreation Development; Mr. Cliff Lacey, Section Head, Community Recreation Outdoor Facilities; Mr. Russell Carr, Budget Co-ordination Director, Finance Administration Branch; and Ms. Sara-Jane Gruetzner, Development Co-ordinator, Urban Parks Program.

During the 1984-85 fiscal year, $13 million was invested in **Kananaskis Country Recreation Development**, bringing the total investment at March 31, 1985, to $197 million. Most facilities have now been completed and, during the summer months of 1984 alone, almost 2 million visits were made to Kananaskis by day users and campers.

Total investment in the **Urban Parks** project reached $62 million at March 31, 1985, with $22 million invested in the 1984-85 fiscal year. This multi-year development program is ongoing in Medicine Hat, Lethbridge, Red Deer, Lloydminster and Grande Prairie.

Investment of $0.4 million was allocated for **Fish Creek Provincial Park** in 1984-85, bringing the total investment to $45 million at March 31, 1985. Only minor land acquisitions remain to complete the park.

The investment in **Capital City Recreation Park** is $42 million, with no expenditures listed for the fiscal year under review. Only land acquisitions for land-use control and environmental purposes remain to complete the project.

Standing Committee members discussed a variety of topics, with Kananaskis Country Recreation Development receiving the largest amount of attention. Members raised questions with respect to usage of the park and the many facilities within; needed improvements on roadway infrastructure; highway signs; hiking trails; William Watson Lodge; access by the handicapped; privatization and the Mount Kidd Recreational Vehicle Park; advertising Kananaskis Country outside of Alberta; development of the Powderface Trail; expansion of campsites; golf course; place of origin of visitors; food services; bicycle trails; employment opportunities; and the possibility of national and international golf tournaments being held in Kananaskis Country.

Other questions dealt with the administration of the five urban parks; an urban parks program for the towns and villages of Alberta; privatization in the provincial parks system; need to provide more historical information within parks; signing of Trust Fund funded projects; another Kananaskis Country type of development within Alberta; Chestermere Lake; Nose Creek; expansion of Fish Creek Provincial Park; role of the municipality with respect to the urban parks project and recreation development in the eastern slopes.

Minister of Agriculture – August 28, 1985

The Hon. LeRoy Fjordbotten, Minister of Agriculture, appeared before the Standing Committee on August 28, 1985. Mr. Nigel Pengelly, MLA for Innisfail and a member of the Farming For The Future Board of Directors, was also present.

During the fiscal year ended March 31, 1985, the Trust Fund's investment in the **Alberta Agricultural Development Corporation (ADC)** increased by $127 million to $955 million. The corporation also provided $88 million in loan guarantees to Alberta farmers and agribusinesses. ADC is one of the 10 largest lenders to agriculture in North America.

The **Food Processing Development Centre** in Leduc received $0.8 million in 1984-85, bringing total investment from the Trust Fund to $7 million at March 31, 1985. The centre was officially opened in December 1984. It offers the food industry and researchers an Alberta facility for the development of new products, new processes and new packaging systems.

Irrigation Rehabilitation and Expansion project grants in 1984-85 totalled $25 million, bringing the Trust Fund's investment to $152 million at year-end. Alberta's 13 irrigation districts receive assistance to help cover the costs of planning, rehabilitation and expansion of their irrigation distribution systems.

Farming For The Future has been supported with a total investment of $30 million to March 31, 1985, including $5 million in 1984-85.

Following a very comprehensive overview of these four programs by the Minister and Mr. Pengelly, Standing Committee members raised questions with respect to future use of the Trust Fund for additional agricultural programs; interest shielding programs; availability of credit for farmers in financial difficulty; responsiveness of ADC; rebates associated with the Beginning Farmer program; royalties on patents developed by Farming For The Future funded projects; university research budgets; on-farm demonstration projects; reduction of federal funding for agricultural research; relationship between research and on-farm utilization of research developments; biotechnology; food processing in Alberta; relationship between the Food Processing Development Centre and the marketing of agricultural products; government funding for improvements to privately developed irrigation systems; productivity of irrigated land; marketing and transportation of agricultural products; formula used in the allocation of dollars for irrigation projects; upgrading of feeder generators; drainage problems; water loss through irrigation; need for an agricultural research foundation; funds for disasters caused by weather-related circumstances; and administrative costs of ADC.

Minister of the Environment – August 29, 1985

The Hon. Fred Bradley, Minister of the Environment, initiated his remarks before the Standing Committee on August 29, 1985, with a brief overview of the Trust Fund projects under his portfolio responsibility.

In 1984-85, $44 million was expended on the **Irrigation Headworks and Main Irrigation Systems Improvement** project, bringing the total investment to $201 million at March 31, 1985. Construction continued to enlarge and rehabilitate the Lethbridge Northern Irrigation District headworks and main canal and the St. Mary River Irrigation District main canal. Reservoirs were also completed in both the Eastern and Bow River irrigation districts. As well, works constructed to improve water supplies in the region southeast of Drumheller became operational.

Land Reclamation received a further investment of $3 million in 1984-85, bringing total investment to $24 million at year-end. Work concentrated mainly on abandoned garbage dumps, sewage lagoons, gravel pits and mine sites.

To March 31, 1985, a total of $3 million had been provided to the **Lesser Slave Lake Outlet** project, with no funds expended during the year under review.

Work continued on **Paddle River Basin Development**. In 1984-85, $4 million was spent on the project, bringing total investment to $40 million at March 31, 1985. The Paddle River Basin Development was officially opened on August 23, 1985.

Following a comprehensive overview by the Minister, Standing Committee members raised a variety of subjects, including drainage in the central and northern parts of Alberta; work of the Alberta Water Resources Commission; research on reclaimed sites to ensure the maximization of soil productivity; water flow into the various irrigation districts; construction of the Oldman River Dam; involvement of local governments in land reclamation projects; opening of additional land to agriculture in northern Alberta; success of the Lesser Slave Lake Outlet project; land reclamation around Calgary; Nose Creek valley; reclamation projects in various constituencies; and the number of industrial sites that need to be reclaimed.

Minister of Advanced Education – September 4, 1985

The Hon. Dick Johnston, Minister of Advanced Education, appeared before the Standing Committee on September 4, 1985, accompanied by Dr. Henry Kolesar, Deputy Minister, Alberta Advanced Education; and Mr. Fred Hemingway, Chief Executive Officer, Students Finance Board.

The **Alberta Heritage Scholarship Fund**, established in 1981 with an endowment of $100 million, provided some 5,900 different scholarships totalling $8.2 million in 1984-85. The Minister reported that the size of the fund itself, which was initially set at $100 million, has grown to $130 million.

Standing Committee members raised questions on the following topics: taxation of scholarships by the income tax system; student loan guarantees; computer literacy; impact of Grade XII departmental examinations on Alexander Rutherford scholarships; breakdown of Alexander Rutherford scholarships according to high school grade levels; educational opportunity equalization grants; awarding of the Sir Frederick Haultain Prize; interest rates for student loans; defaults on loan repayments; and performance of the Students Finance Board.

Minister of Housing – September 5, 1985

The Hon. Larry Shaben, Minister of Housing, appeared before the Standing Committee on September 5, 1985, accompanied by Mr. Joe Engleman, President, Alberta Mortgage and Housing Corporation.

On August 1, 1984, the Alberta Housing Corporation and Alberta Home Mortgage Corporation merged to become the **Alberta Mortgage and Housing Corporation**. During the fiscal year under review, the corporation borrowed $100 million from the Trust Fund, bringing the Trust Fund's investment in the corporation to $3.374 billion at March 31, 1985. Continuing the programs of its predecessors, the new corporation assists Albertans in two ways: it constructs rental housing for senior citizens and low-income Albertans, and it makes mortgage loans to help low- and middle-income Albertans find affordable rental and ownership housing in the private market.

Standing Committee members raised a variety of topics with the Minister, including values of the portfolios administered by the corporation; number of home mortgages provided by the corporation; number of projects financed; assistance to low- and moderate-income families; efficiency of the merger of the Alberta Home Mortgage Corporation and the Alberta Housing Corporation; impact of the senior citizens' self-contained program; senior citizens' lodges and the community housing program in various Alberta centres; standards used in construction of housing units; operation costs; land bank program; federal involvement in housing programs; foreclosures and quitclaims; procedures followed in renting of corporation-held housing units; vacancy rates; level of services provided in senior citizens' lodges; new lodge construction; senior citizen home care; and emergency housing.

Minister Without Portfolio – September 11, 1985

On September 11, 1985, the Hon. Bill Payne, Minister without Portfolio, appeared before the Standing Committee. Mr. Payne's responsibilities include communications with respect to the Alberta Heritage Savings Trust Fund.

In 1984-85, $419,000 was expended on communications, compared to $466,000 in 1983-84 and $867,000 in 1982-83. Mr. Payne brought Standing Committee members up to date on current communications programs.

Standing Committee members raised questions on the specifics of the communication expenditures; the possibility of a videotape or film being produced about the Trust Fund that could be made available to interested groups; amount of advertising placed in Alberta weekly newspapers; analysis of the effectiveness of current advertising programs; public perception of the Trust Fund; and the possibility of public hearings by the Standing Committee.

Minister of Tourism and Small Business – September 12, 1985

The Hon. Al "Boomer" Adair, Minister of Tourism and Small Business, appeared before the Standing Committee on September 12, 1985, and was accompanied by Mr. Al McDonald, Deputy Minister of Tourism and Small Business; and Mr. Roy Parker, Managing Director, Alberta Opportunity Company.

During 1984-85, the Alberta Heritage Savings Trust Fund's gross new investment of $35 million in the **Alberta Opportunity Company (AOC)** brought the total investment in the company to $167 million. A total of 3,290 loans have been made to small and medium-sized businesses in Alberta from the inception of the company to March 31, 1985, with a portfolio total of $354 million and an average loan size of $108,400. For the fiscal year 1984-85, the Alberta Opportunity Company approved 292 loans at a cost of $29.2 million.

The Minister provided an overview of Alberta Opportunity Company operations, and Standing Committee members raised the following topics: percentage of AOC loans in arrears; Ram Steel update; loan approval process followed by AOC; Alberta Wildlife Park and AOC; write-offs; time frame for loan approvals; attendance of Board members at AOC Board of Directors' meetings; impact of the demise of the Canadian Commercial Bank and the Northland Bank on AOC loan application levels; projected receivership levels for the 1985-86 fiscal year; interest rate reviews; impact of the agricultural economy on farm implement dealers; impact of Kananaskis Country Recreation Development on tourism to and inside Alberta; the possibility of a second Kananaskis type of development inside Alberta; impact of the Small Business Equity Corporation on the Alberta economy; and the level of taxation in Canada and Alberta.

Associate Minister of Public Lands and Wildlife – September 12, 1985

The Hon. Don Sparrow, Associate Minister of Public Lands and Wildlife, appeared before the Standing Committee on September 12, 1985, accompanied by Mr. Mac Forbes, Assistant Deputy Minister, Public Lands Division; and Mr. John Laarhuis, Head, Grazing Reserves Section.

Mr. Sparrow provided the Standing Committee with a status report on the **Grazing Reserves Development** project. Total investment reached $28 million at March 31, 1985, including $4 million expended during 1984-85.

Members of the Standing Committee raised questions on the following subjects: level of unexpended funds as compared to those approved for expenditure during the fiscal year under review; utilization of private contractors for the clearing of bushland; utilization of native people by private contractors; screening process used in determining eligibility of grazing reserve patrons; relationship between Alberta Public Lands and Wildlife and the Alberta Fish & Game Association; operating deficits on various grazing reserves; who will benefit from the charge made to petroleum companies for well

site and seismic activity on grazing reserves; privatization of grazing reserves; unfair competition of grazing reserves; selling of Buck Mountain Grazing Reserve; role of local advisory committees; and future of the Grazing Reserves Development project.

Visit to Irrigation Projects in Southern Alberta – September 24-25, 1985

On September 24 and 25, 1985, members of the Standing Committee visited irrigation projects in southern Alberta.

VI. RECOMMENDATIONS OF THE STANDING COMMITTEE ON THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT

A most important function of the Standing Committee is the formulation of recommendations concerning the investment of Alberta Heritage Savings Trust Fund money. Several meetings centred on this responsibility.

Proposals for recommendations were submitted by individual Standing Committee members for consideration by the Standing Committee as a whole. The proposals were moved, debated, and voted on. Forty-five proposals were moved and, after careful consideration and deliberation, the Standing Committee approved the following 18 recommendations for inclusion in this report. The Hansard transcripts of the Standing Committee's proceedings on September 26, 1985, contain the full debate and the Chairman's determination of the vote with respect to each proposal and approved recommendation.

RECOMMENDATIONS

The Standing Committee on the Alberta Heritage Savings Trust Fund Act recommends as follows:

1. Reporting of Assets

That the deemed assets of the Alberta Heritage Savings Trust Fund not be included in the financial statement but be listed separately.

2. Research into Industrial Disease

That the Alberta Heritage Foundation for Medical Research be encouraged to investigate the upcoming increase in industrial disease, with the object of doing research in that area.

3. Public Hearings by the Standing Committee

That hearings be held throughout the province to determine the support by the people for the concept and the direction legislators should take with regard to the management of the Alberta Heritage Savings Trust Fund.

4. Consolidation of Medical Research

That the Standing Committee consider consolidating all medical research activity funded by the Alberta Heritage Savings Trust Fund into the Alberta Heritage Foundation for Medical Research.

5. Recreation Park Development

That the Standing Committee consider developing a second major recreation park to enhance and promote tourism in the province of Alberta.

6. Urban Parks Program for Towns and Villages

That the Standing Committee endorse the development and creation of an urban parks program for towns and villages in Alberta, under the Capital Projects Division of the Trust Fund.

7. Research Lab Space

That the Standing Committee consider the construction of low-cost research lab space to be made available to the private sector on a contract basis, modelled on the successful North Carolina Triangle research park.

8. Drainage Improvement

That a drainage rehabilitation and expansion program be established similar to the Irrigation Rehabilitation and Expansion program now in place.

9. Agricultural Research Foundation

That the Farming For The Future program be operated, beginning in the 1987-88 budget year, as an agricultural and biological sciences research foundation modelled on the Alberta Heritage Foundation for Medical Research, with similar funding to that given AOSTRA and the Alberta Heritage Foundation for Medical Research, and that there be a close working relationship between the research recipients and farmers or on-farm demonstration projects in a great percentage of the program.

10. Northern Alberta Children's Hospital

That a serious commitment be made to improved pediatric treatment and research for northern Alberta by an investment in a northern Alberta children's hospital, when need is indicated.

11. Communications of the Alberta Heritage Savings Trust Fund

That the Public Affairs Bureau be encouraged to consider developing a series of informational films or videotapes on the Alberta Heritage Savings Trust Fund, available to groups who wish to use them, complementary to the informational pamphlets now available at many locations in Alberta.

12. Teaching of Occupational Health and Safety

That the Occupational Health and Safety Heritage Grant program expand its mandate to encourage funding to postsecondary educational institutions to teach occupational health and safety to students.

13. Kananaskis Country Recreation Development

That funding be provided to develop the Powderface Trail and campsites in Kananaskis Country as required or on an as needed basis.

14. Social Sciences Research Foundation

That consideration be given to the establishment of a social sciences research foundation with specific concerns for research into alcoholism, aging, pain control, and palliative care, and that the foundation be modelled on the Alberta Heritage Foundation for Medical Research.

15. E. Peter Lougheed Scholarship for Excellence in Social Studies

That a new scholarship, to be known as the E. Peter Lougheed Scholarship for Excellence in Social Studies, be established in the Alberta Heritage Scholarship Fund and, further, that $5 million be added to the $100 million fund established in September 1980 and the income generated be awarded to students attending Alberta universities.

16. Alberta Heritage Scholarship Fund

That the scholarships awarded from the Alberta Heritage Scholarship Fund, other than the Jimmie Condon Athletic Scholarship, be awarded on an individual basis only and that groups and organizations not be eligible for scholarship awards.

17. Water Resources Institute

That a water resources institute be established at the University of Lethbridge and that $5 million be allocated from the Alberta Heritage Savings Trust Fund to provide an endowment fund for this purpose.

18. Research in Damage to the Spinal Cord

That the Alberta Heritage Savings Trust Fund support by endowment the Alberta division of the Canadian Paraplegic Association for research in damage to the spinal cord.

VII. PROVINCIAL TREASURER'S RESPONSES TO THE RECOMMENDATIONS CONTAINED IN THE REPORT OF THE STANDING COMMITTEE ON THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT, 1983-84

1. Role of Private Sector

That each Department using Trust Fund money for research projects provide the Committee with a report indicating where the private sector benefited by or utilized the findings.

This type of information is already provided in the annual reports of Capital Projects Division projects. In addition, departments produce numerous newsletters and bulletins and participate in conferences and seminars which help to disseminate research findings to the general public and give examples of their application.

2. Occupational Health and Safety Research

That the Occupational Health and Safety Research selection committee include members representative of industry and labour.

This recommendation was implemented in March 1985. The Committee has been expanded from 10 to 14 and now includes four outside members from industry and labour.

3. Alberta Mortgage and Housing Corporation

That the Alberta Mortgage and Housing Corporation keep all abandoned properties financed by Alberta Housing Corporation and Alberta Home Mortgage Corporation maintained and secure to ensure the protection of the taxpayer investment and the social integrity of the local community.

It is the policy of the Alberta Mortgage and Housing Corporation to maintain all abandoned and foreclosed properties in a satisfactory condition, to enable them to be rented at market levels until such time as the corporation is able to sell these properties at or above the original loan amount. The corporation also tries to ensure that these properties are rented by responsible tenants who will protect the value of the properties.

4. Alberta Heritage Foundation for Medical Research

That the Committee recommend that the government examine the long-term future of the $300 million endowment fund for the Alberta Heritage Foundation for Medical Research. The purpose is to consider raising the capital based on future expenditures of the investment revenue to ensure no reduction of the initial capital of the endowment fund.

The first step in implementing this recommendation rests with the Committee. In 1986, the second triennial report of the foundation will incorporate the report by the International Board of Review on the foundation's first six years of operations. Section 24(5) of the Heritage Foundation for Medical Research Act states that the Select Standing Committee on the Alberta Heritage Savings Trust Fund Act shall, upon receipt of this "joint" report, reassess whether or not the amount of the endowment fund is adequate for the future requirements of the foundation.

5. Farming For The Future

That the Committee recommend that Farming For The Future place an increased emphasis on its on-farm demonstration program through encouraging direct involvement between the researcher and the interested farmer wherever possible.

Since its inception in January 1982, the on-farm demonstration program has had the fundamental objective of increasing direct communication between researchers, specialists and producers for the benefit of all groups. Program guidelines require that projects be developed by a team consisting of a farmer, a district agriculturist and a scientist or researcher. In this way, researchers and specialists become more aware of the needs and problems of producers, and producers become more knowledgeable about the most recent scientific results. The importance of the on-farm demonstration program was reaffirmed with an increase in funding under the second mandate of Farming For The Future.

6. Farming For The Future

That the Committee recommend that Farming For The Future consider establishment of an agricultural invention and development project which would act as a clearing house, advisory committee and development information agency, co-ordinating and publicizing ingenious and innovative agricultural inventions and/or basic mechanization improvements. That the project also provide efficiency awards for innovative developments.

At present, Farming For The Future publicizes innovations arising from its research and demonstration projects through publications, conferences and magazine articles. Also, existing agencies such as the Prairie Agricultural Machinery Institute, the veterinary infectious disease organization, federal research stations and the various divisions of Alberta Agriculture conduct technical evaluations, advisory services and technology transfer functions.

The White Paper on Industrial and Science Strategy outlines the concept of a technology development authority board, which could operate an Alberta innovation centre. Such a centre could provide a one-window approach to product and process developments; patent, copyright and licensing support; and commercialization of new products and processes. However, the long-term, ongoing nature of these operations would tend to preclude funding from the Capital Projects Division of the Trust Fund. Funding from the province's budget would need to be considered in relation to the fiscal capacity of the province and overall needs and priorities.

7. Parks Program

That the Committee endorse the use of moneys from the Trust Fund for the creation of an urban parks program for the towns and villages of Alberta.

The government is continuing to review all aspects of this recommendation. However, the provision of funds for this purpose must be considered in relation to competing priorities for Trust Fund support.

8. Science and Engineering

That the Committee recommend that the government make available as soon as possible an endowment fund for research in the areas of science and engineering.

The government already provides extensive funding for science and engineering research through the Alberta Research Council, the Alberta Oil Sands Technology and Research Authority as well as through departmental General Revenue Fund budgets. To establish an endowment fund would require a major capital commitment in relation to the annual level of expenditure that could be supported over the long term. Such a commitment could impose a significant constraint on the Trust Fund's capacity to support other existing and new initiatives.

9. White Paper

That the Committee recommend that the government, in discussing its White Paper, give consideration to the use of the Trust Fund to assist small businesses to develop in the province of Alberta. This assistance could be in the form of tax incentives, tax holidays, or in the form of low interest rate assistance using a formula based on the Small Business Development Bonds formerly used by the federal government.

The Trust Fund is already being used directly to assist the development of small businesses in Alberta by funding the Alberta Opportunity Company and Vencap Equities Alberta Ltd.

Moreover, the transfer of the Trust Fund's income to the General Revenue Fund has helped the Province to keep small business taxes among the lowest in Canada. Also, as of April 1, 1985, small manufacturing and processing businesses have been given a five-year tax holiday.

This support from the Trust Fund's income has also helped indirectly in allowing the government to introduce the Small Business Equity Corporation program, designed to stimulate private investment in small Alberta businesses, with a pool of investable funds now over $150 million.

10. Social Sciences Research Foundation

That the Committee recommend that consideration be given to the establishment of a social sciences research foundation with specific concerns for alcoholism, aging, pain control, palliative care, and the role of women in our society, and that the foundation should be modelled on the Alberta Heritage Foundation for Medical Research.

The Alberta government provides support for such initiatives through the Alberta Alcoholism and Drug Abuse Commission, the Women's Bureau, Social Services and Community Health, and Hospitals and Medical Care. To date, the government has taken the view that these ongoing needs are best met through these entities' General Revenue Fund budgets.

11. Increased Federal Involvement

That the Committee recommend that the Alberta government should, at the earliest opportunity, strongly urge the new federal government to significantly increase support for Albertans through such agencies as the Canada Mortgage and Housing Corporation and the Farm Credit Corporation, thus reducing pressure on the Trust Fund and allowing the Alberta government more flexibility to use the Fund to assist Albertans to prosper.

The Alberta government regularly reviews with the federal government its support, in the form of direct lending programs and cost-sharing agreements, of the housing and agricultural industries. The Alberta government attempts to take full advantage of federal incentives and cost-sharing agreements, thus maximizing the effectiveness of each Trust Fund dollar.

12. Sale of Debentures

That the Committee recommend that consideration be given to selling debentures currently held by the Trust Fund in the Alberta Opportunity Company, the Agricultural Development Corporation, the Alberta Municipal Financing Corporation, the Alberta Home Mortgage Corporation, the Alberta Housing Corporation and the Alberta Government Telephones Commission when and as conditions in the market are such that the investment from the Fund represented by the debentures can be recouped at or above cost.

As a general principle, the investments in provincial Crown corporations were made and structured to be held for the long term.

Since 1983, Alberta Government Telephones (AGT) and Alberta Municipal Financing Corporation (AMFC) have been meeting their borrowing requirements in the Canadian market. To date, AGT and AMFC have raised $150 million and $600 million respectively in the Canadian capital market, thereby reducing demands on the Trust Fund.

The sale of existing assets is not being considered at this time. However, as indicated last year, should funds be required in the future, this is one of a number of options that could be evaluated.

13. Alberta Opportunity Company

That the Committee encourage the government to give consideration to expanding the scope of AOC to the point where it would be a business facilitator rather than a lender of last resort and that the limit of funds available to AOC be increased to $600 million.

The current limit of $300 million which can be made available to AOC is not, at present, a constraint on the corporation's lending activity. AOC's role is to supplement and not displace private capital; the corporation's programs are designed to meet the financing requirements of businesses unable to obtain funds in the private market. Alberta Tourism and Small Business and AOC together play a facilitating role in aiding small businesses by providing counselling and assisting them to develop business plans and *pro forma* financial statements.

VIII. SCHEDULE OF STANDING COMMITTEE MEETINGS, 1985

Meeting Date	Appearance/Topic
August 7, 1985	Hon. Lou Hyndman Provincial Treasurer
August 7, 1985	Mr. D. W. Rogers Auditor General
August 8, 1985	Alberta Heritage Foundation for Medical Research
August 12, 1985	Reading Day
August 13, 1985	Discussion of Recommendations
August 13, 1985	Hon. Bill Diachuk Minister Responsible for Workers' Health, Safety and Compensation
August 20, 1985	Hon. David Russell Minister of Hospitals and Medical Care
August 20, 1985	Hon. John Zaozirny Minister of Energy and Natural Resources
August 21, 1985	Hon. Marvin Moore Minister of Transportation
August 21, 1985	Hon. Hugh Planche Minister of Economic Development
August 22, 1985	Visit to Fort McMurray to view Syncrude facilities, Keyano College and the Oil Sands Interpretive Centre
August 23, 1985	Official Opening of Paddle River Dam

August 26, 1985	Hon. Peter Lougheed Premier
August 27, 1985	Discussion of Recommendations
August 28, 1985	Hon. Peter Trynchy Minister of Recreation and Parks
August 28, 1985	Hon. LeRoy Fjordbotten Minister of Agriculture
August 29, 1985	Hon. Fred Bradley Minister of the Environment
September 4, 1985	Hon. Dick Johnston Minister of Advanced Education
September 4, 1985	Hon. Lou Hyndman Provincial Treasurer
September 5, 1985	Hon. Larry Shaben Minister of Housing
September 11, 1985	Hon. Bill Payne Minister without Portfolio
September 11, 1985	Hon. Lou Hyndman Provincial Treasurer
September 12, 1985	Hon. Al Adair Minister of Tourism and Small Business
September 12, 1985	Hon. Don Sparrow Associate Minister of Public Lands and Wildlife
September 18, 1985	Discussion of Recommendations
September 24-25, 1985	Overview of Irrigation Works
September 26, 1985	Discussion of Recommendations

Appendix I

Asset Level of the Alberta Heritage Savings Trust Fund 1976-77 to 1984-85

Fiscal Year	Assets ($ billion)
1976-77	$ 2.218
1977-78	$ 3.374
1978-79	$ 4.705
1979-80	$ 6.419
1980-81	$ 8.579
1981-82	$11.009
1982-83	$13.002
1983-84	$13.711
1984-85	$14.436